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Webb, Catherine

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THE MACHINERY  
OF THE  
CO-OPERATIVE MOVEMENT.



→ PAPER ←

BY  
MISS CATHERINE WEBB,

1895.



PUBLISHED BY THE CO-OPERATIVE UNION, LONG MILLGATE, MANCHESTER.

1896.

## THE MACHINERY OF OUR MOVEMENT.

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THIS paper is an endeavour to set before its readers an outline of the machinery with which the Co-operative Movement governs, directs, and manœuvres the forces which have placed it among the foremost industrial organisations of our time. The task—for it is a task of some severity—is not made lighter by the knowledge that the time allowance of a conference paper demands that the briefest outlines only shall be given of a subject which can, and has, indeed, already filled volumes and been the inspiration of large numbers of the pamphlets which make up the literature of Co-operation.

To simplify the task two or three things may be understood at the outset.

This paper does not touch upon the **Theory** of Co-operation, nor lend itself to any discussion as to the respective merits of the different **systems** at work within the movement. It merely aims at describing the movement as a **working organisation**, taking its several parts and tracing their dependence on each other.

In order to prevent, if possible, tediousness in description, a series of notes at the end of the paper will give smaller details of the different parts of the machinery, the larger outlines only of which are sketched in the paper itself.

It is sometimes said that two heads are better than one. The co-operative movement may be said to possess two heads, or, at any rate, the machinery by which it is moved, can be roughly divided under two general heads, that required for the

### Business Side,

and that needed for the promotion of what, for want of a more complete expression, we must call the side of

### Organisation and Propagandism.

We will first examine the business side, and here we see that the first wheel in the co-operative machinery is the individual man or woman who elects to join other men and

women in forming a distributive store for the mutual aim of supplying themselves with the necessities of life upon the fair and reasonable plan which Co-operation teaches.

**The Store**, of which these individuals are the units, must be constituted in conformity with certain general rules found best suited to the promotion of the principle of mutual help, and required by a special Act of Parliament called the Industrial and Provident Societies Act.

While the details of these rules are need not be specified. Local circumstances give slight variations to the details, as, for instance, some stores have an open membership for husbands and wives alike, while some do not admit the wife if the husband is a member, and *vice versa*; but the main features of the rules are not affected by these local variations. These main features are:—

Not less than seven persons can form a co-operative society. Individuals become members by providing a portion of the capital required for carrying on the business.

Every co-operative society registered under the Act has the word "Limited" after its name; this means that the money risk or liability of the individual shareholder is limited to the amount of capital he has agreed to subscribe.

The management of a store is by committees elected by the members from among themselves.

Every member above the age of 16 years is eligible for office, unless local rules are made to the contrary, *e.g.*, some societies do not permit members to sit on committees who have relatives employed in the store.

Every member has one vote.

Regular meetings of members are held, generally quarterly or half-yearly, at which duly audited balance sheets must be presented.

The business of a store is that of distributing or retailing the necessities of life to its members (note 1), and the sources from whence it procured these necessities was originally the private merchant or producer. This for many reasons—among them the bitter jealousy of the traders themselves—

was found to be unsatisfactory, and led to the next step in distributive machinery, the formation of the

## Two Co-operative Wholesale Societies of England and Scotland.

As we have seen, the individual is the unit of the store, so the stores are the units of these Wholesale Societies, federated together so that they may enter the wholesale markets of the world and procure the goods they require, without competing against each other, and with the power that extensive orders and large sums of ready money can give of securing the best terms possible.

Each store becomes a member by providing capital in proportion to its membership. (Note 2.)

Only properly-registered stores can become members, and their money risk is limited to the amount of capital.

The management of the C.W.S. is by committees elected by the members, *i.e.*, the societies. Quarterly business meetings are held, to which each store may send delegates as representatives in numbers proportionate to its individual membership and capital taken up. (Note 3.)

No important step or action can be taken by the committees without the consent of a majority of members voting at these meetings.

Every store is eligible to nominate a member of its own or any other stores, for a seat on the committee or board of directors.

Each Wholesale (English and Scottish) has its own distinct membership and committee, but the two societies are united for many business purposes by means of a **joint committee** of representatives from each of the central and branch committees of both societies.

There is one point of difference between the two Wholesales which may be here noted. The English Wholesale admits as shareholders only co-operative societies, and no individuals, the Scottish admits also as shareholders the persons whom it employs, giving them a voice in its affairs. (Note 4.)

We can perhaps trace the possible extension of Co-operation in this purely distributive side by thinking of an article of food which custom has made almost, if not quite, a necessity of life to British people. Every housewife knows

that the raisins with which she makes her plum bread or cake come from a foreign country. No housewife would dream of running off to Spain to buy a pound of plums every baking day. She has been in the habit of getting them from Mr. Smith, who gets a box full of them from a merchant, who buys some tons or them from an agent in London who has dealings with a merchant in Spain, who collects large quantities from the growers.

Between the housewife and the grower there stand all these people, each demanding from her some benefit or profit on the transference of the article from one to the other.

We will suppose the housewife and her husband become Co-operators by taking shares in the local stores. She then buys her plums at the stores. You would imagine she was not much nearer to the fruit grower in Spain by this, but she is, as we shall see.

Her husband goes to quarterly meetings, gets chosen and elected by his fellow-members as a committeeman. The store federates with other stores in making the C.W.S., and part of the capital paid in to the store by the husband and wife helps to make up the large capital required for wholesale trading.

The man attends the quarterly meeting of the C.W.S. to represent his store, becomes known to the representatives of other stores as a capable man of business and a good Co-operator, is chosen and elected by a majority of the stores as a director of the C.W.S., and at the proper season is sent to Spain to buy first hand from the fruit grower the plums his wife and all other co-operative housewives will require for their year's baking.

He carries with him to Spain, moreover, not only the ready money and distinct orders, but the spirit of fair dealing which has made co-operative trading so truly powerful.

We do not suggest sending the housewife herself to Spain, because, although there is no rule to the contrary, no woman has ever yet been elected to serve on the board of directors of the Wholesale Societies, but, remembering that through the same channel—the store and the C.W.S.—the housewife has agents for supplying her needs in all the markets of the

world, it can be seen how far-reaching is this part of the machinery of our movement.

The co-operative movement having ascertained by experience the quality and quantity of articles best fitted to supply its requirements, moved on by slow stages to construct the

### Machinery of Production

whereby it can produce for itself certain of these articles.

It has three methods of doing this:—

#### (a) By Store Production—

Each store will procure certain raw materials, such as flour and yeast, or leather, nails, and waxends, and adapt these materials by the employment of skilled workmen to the demands of its members for bread and boots, or, as we are in the habit of saying, "producing" bread and boots. (Note 5.)

#### (b) By Wholesale Production—

The Wholesale Societies, by means of the enormous capital with which the stores have supplied them, are able to undertake the production of many articles required by co-operators. For instance, some of the flour used by the individual stores for the making of bread is produced at the mill erected by the C.W.S. on the banks of the Tyne.

This is called the **Federal System**, and means that the whole circumstances of the productions carried on; the finding of capital; the determination of the kind of article which shall be made; the conditions under which the workers employed shall perform their work; and the disposal of that unavoidable "surplus" paid by the stores for the goods over and above the exact cost of production are in the hands of the federated stores who form the Wholesale Societies. In the case of the English Co-operative Wholesale Society all the surplus is returned to the consumer in the form of dividend on purchases of the stores. The Scottish Co-operative Wholesale shares some of the surplus with its employés in the form of "bonus on wages." (Note 6.)

### (c) Independent Co-operative Production—

This third method requires a somewhat more detailed sketch.

The dictionary definition of Co-operation is "Working together conjointly for mutual aims."

Individuals work together through the store for the mutual aim of self-supply in the way or ways already stated, and thus become "co-operators."

Independent co-operative productive societies are formed by individuals whose mutual aim is not so much the supplying of a known demand as the improvement of the industrial conditions of the actual workers themselves.

The constitution of these societies varies, but they, like the stores, conform to certain general rules, and are registered under the Industrial and Provident Societies' Act.

They are formed of:—

- (a) Actual workers who provide all the capital.
- (b) Workers who provide part capital assisted by the capital of individuals who are not workers.
- (c) Workers, individuals and stores, who between them find the capital.

Thus an individual may become a Co-operator and obtain an interest in any one of these societies by being a worker, or by taking shares without being a worker, or through his distributive store becoming a shareholder.

Naturally the first market of these societies is the co-operative movement, and the co-operative store can draw its supplies from them direct in some cases, and in others through the C.W.S. Yet all the goods produced by them are not supplied to Co-operators. Most, if not all, can, and do, supply the outside markets and the public as well. For this purpose the Co-operative Institute Society gathers together the goods of the various productive societies and supplies them through a depot in London to the public.

These independent productive societies are more generally referred to as "profit-sharing" societies, because they practice

a system of appropriating to the worker *the right* to a share in the "profits" made in the business, calculated at a certain percentage (varying in different societies) on the amount of wages he receives. Those societies which give to their workers a share in the management as well as in profits have of recent years adopted the name of Co-partnership societies as well. (Note 7.)

We will now turn to the machinery for

### Organisation and Propaganda.

A person taking a share in a store and dealing only to the amount which serves his individual interest without attempting to get into touch and sympathy with his fellow members, cannot be said to be a Co-operator in the true sense. He **only takes the good**, he does not **give out the good also**, which it is the essence and spirit of Co-operation to do.

So, a number of stores standing alone without any connection one with the other, may serve their own purpose and interest as a useful means of equitably distributing and producing the necessities of life. But they cannot be said to form a "movement" or hope to become a social force. They need to have the power of "giving" as well as "taking."

This power can only be got by "Union," and co-operators have formed a "Union," the machinery of which has been the means of consolidating and binding together all the several parts of Co-operation into one solid whole, acknowledged by the thinking world to be one of the strongest movements of this present age. It is not compulsory for a distributive or productive society to join the "Union," but only societies duly registered under the "Act" are allowed to do so.

Every society wishing to join must, therefore, show proof that it is a genuine co-operative society, and must also subscribe to, and accept, certain "principles" as the basis upon which all its business transactions should be guided. (Note 8.)

Each society then takes up one share of the nominal value of 5s., and pays a yearly subscription, in proportion to the number of its members, to the funds of the Union. (Note 9.)

Every society thus becoming a member of the Union has votes in number according to its subscriptions, and has power

to send an equal number of its members to represent it at all the meetings convened by the Union. (Note 10.)

These meetings consist of—

- (1) Congress. The annual meeting of the Union, held in Whit-week at some centre in each section in turn, when the work of the year is reported and reviewed, and the machinery of the whole movement gets overhauled, oiled, and repaired, so far as is possible. (Note 11.)
- (2) Sectional conferences, generally three or four in the year, in each section.
- (3) District conferences, varying in number with the requirements of each district.

The working machinery of the Union is called the Central Co-operative Board.

For the purposes of organisation and propaganda Co-operators have divided the British Isles up into certain sections, of which there are now seven, England and Wales having five, and Scotland and Ireland one each.

Societies who are members of the Union within these sections elect by ballot a certain number of men and women, varying in number with the size and strength of their section, from among their own members to represent them on the Co-operative Board. (Note 12.)

This Board meets all together twice a year, at Congress time, but the members elected in each section form what is called a Sectional Board, meeting once a month.

From each Sectional Board are chosen representatives to form a United Board of all the sections to control the affairs of the Union, deciding, among other things, the amount of money each section shall have from the fund for carrying on its work, and confirming or otherwise actions taken or proposed to be taken by the several Sectional Boards.

The duty of the Union towards the societies is that of advising in business matters, more particularly in questions of legal difficulty, and stimulating and assisting propaganda work by providing free literature and free lecturers and speakers at meetings got up by the societies.

It also assists the formation of societies by providing a code of model rules, and gathers and publishes statistics of the movement.

The districts are sub-divisions of the sections, and there are now some 55 districts, each having a district committee elected by societies in the locality, to whom a portion of the funds of the Union are granted for carrying on local organisation and propaganda.

If we give each district a committee of eight only, we have 440, and with the 66 members of the C.B., over 500 persons who are officially engaged in the work of "spreading a knowledge of Co-operation" by means of this part of our machinery.

One portion of this part of the machinery has a special name—Education. A large majority of societies set aside by rule or resolution of members' meetings, a certain percentage of net profits (from 1 per cent to 2½ per cent) as an Educational Fund.

To administer this Fund, education committees are elected by the members of each store, and any member is eligible to sit on these committees.

The Fund is applied in various ways—to the promotion of libraries and reading rooms, lectures, classes on economic subjects, technical training for young people, and very largely to propagandist and recreational purposes.

It is well to remember that it is by each individual member agreeing through the rules of his society to set aside a small fraction of the profit he might claim for himself, that the means are found for setting this machine in motion, as far as the stores are concerned. (Note 13.)

From the fund subscribed to the Union is also set aside a portion for educational work, administered by an elected sub-committee of the C.B., consisting of representatives from each section, whose duty it is to attend to questions of education as a whole.

You see, then, how the Co-operator through his store contribution to the Union touches hands with all parts of the movement, and how wide is the scope for rendering personal service throughout the movement.



### Auxiliaries.

Besides these three great sets of machinery for distribution, production, and organisation, there are what are called "auxiliary" forces which have grown up within and alongside of the movement to meet special requirements both on the business and the social side. To give first place to the ladies.

**The Women's Co-operative Guild** is an auxiliary or assistant wheel, if one may so call it, in the educational machinery of the movement.

Its objects are to organise women as co-operators for the study and practice of—

- (a) Co-operation, and other methods of social reform; and
- (b) Improved conditions of domestic life.

Its organisation consists of branches having local rules and offices, formed only in connection with co-operative societies, but the store member as such has no vote in the election of its officers, or voice in the conduct of its affairs. The branches subscribe annually 2d. per member to a Central Fund, which is administered by a Central Committee and general secretary. The branches are grouped (on the lines of the Union) into sections and districts, with elected sectional councils and district committees, the Women's Guild of the Scottish Section, however, being a distinct organisation. Besides their distinctly co-operative 'objects' the Guilds, both of England and Scotland, take an active and intelligent interest in all industrial questions affecting women, promoting by means of lectures, pamphlets, and classes, the study of political and domestic economy.

No law or rule of the movement makes it necessary that a Guild branch should be started in connection with the store, but the value of the Guild has been so far proved that it is becoming acknowledged that the co-operative machinery of a store is not truly complete without this additional wheel.

The movement, as a whole, acknowledges this through the Union by yearly confirming at Congress the grant made to its support from the funds of the Union, and by local grants from general and educational funds made at the quarterly meetings of the store.

Other auxiliaries are

### On the Business Side.

**The Co-operative Insurance Company**, which insures the homes of co-operators and store premises against fire, and provides a co-operative means of guarding against the rainy day through the agency of life assurance. Policies are effected at reasonable rates on the lives of men, women, and children.

**The Amalgamated Union of Co-operative Employees**, formed for the purpose of encouraging a feeling and spirit of unity among co-operative employes and providing a sick benefit club, an employment registry, and a Trade Union.

The Scottish co-operative employes have a similar association.

**The Tenant Co-operators.**—A society which builds or purchases dwelling-houses, the tenants of which as shareholders realise the benefits of collective ownership of the houses they occupy by means of capitalizing dividends returned to them out of the profits made by the society in proportion to their rental.

**Co-operative Building Departments and Societies** are most useful auxiliaries, and are established in connection with many stores. They enable the co-operator to purchase on easy terms the home he loves so well. Generally the membership of these societies is confined to the membership of the store with which they are connected, but there are several Co-operative Building Societies independent of a store still of a local character, and one, **The Co-operative Building Society**, whose membership is open to all co-operators.

**The Irish Agricultural Organisation Society Limited** assists the formation of co-operative creameries in Ireland.

**The Labour Association** belongs to the propagandist and the **Co-operative Productive Federation** to the business side of the machinery. Both have for their object the promotion of the independent co-partnership system of production.

The first named accomplishes its object by—

- (1) Circulation of numerous leaflets and pamphlets ;
- (2) Lectures and conferences ;
- (3) Exhibitions at the Crystal Palace, and elsewhere ;
- (4) Giving advice to workers wishing to start workshops upon co-partnership principles ;
- (5) Disseminating information on the movement. It has now started a monthly organ, "Labour Co-partnership," for the better propagation of its principles.

The latter by assisting productive societies with loan capital invested with the Federation by co-operative societies and individuals for that purpose. (Note 15.)

**The Junior Co-operators' Club** can be joined by the son or daughters of co-operators who are anxious to understand co-operation and to improve themselves educationally. Its centre is the Junior Co-operators' page in the *Co-operative News*.

**The Festival Society** promotes recreation by co-operative means, and organises the Annual Festival at the Crystal Palace. Many of the choirs which enliven our co-operative meetings are the outcome of this association.

The most recent development of the machinery of organisation is the **International Alliance**, recently formed in London for the promotion of mutual knowledge, fellowship, and unity among co-operators in all countries.

And now one last important wheel must be mentioned, although its use and value is so thoroughly understood that it calls for no detailed explanation. This, of course, is the *Co-operative News*, from whose pages may be gathered a knowledge of the progress made from time to time, and under whose banner of Liberty, Unity, and Charity all parts of our vast movement may meet and greet.

#### In conclusion,

The real object with which this paper was written was to try, if possible, to help forward the realisation of the **wholeness** of the co-operative movement.

Our hope is that Co-operation will grow and spread out its machinery until it touches with its ameliorating power the whole of the industrial relationships of life, "to substitute in the busy world of industry united concert for antagonistic conflict." The co-operator who desires, above all things, to help forward this noble work, can only do so by laying firm hold of the central idea of "community" and by careful study and practice of detail.

I shall hope that the discussions which may follow the reading of this paper will supply all the many deficiencies it contains, and that, if no immediate result of increased knowledge is obtained, it will serve to indicate in what direction knowledge may be sought and found.

CATHERINE WEBB.

## NOTES.

- (1) The total number of societies making returns to the Registrar in 1893 was 1,718; number of members, 1,265,980; share capital, £14,518,738; loan capital, £3,522,313; trade, £49,051,036; profits, £4,500,860; education, £38,016; charitable purposes, £17,487; subscription to Co-operative Union, £5,293.—*Report of Central Co-operative Board, 1895.*
- (2) English C.W.S. Three £5 shares for every 20 members, to be increased annually as its members increase. Each society on its admission must pay not less than 1s. for every share, dividend on purchases and interest being added to share capital until the shares are fully paid up
- (3) One representative for every 500 of its members.
- (4) Scottish C.W.S. shares are £1 each, and every society must pay the sum of not less than 1s. on one share for each of its members, increasing annually as its members increase. Employés wishing to become members must apply for five shares, and cannot hold more than 50. Societies have one vote as member, and one vote in addition for every £1,000 of trade done with the Wholesale. Employés who are members have one representative for every 150 employés who become shareholders.
- (5) The Labour Department Board of Trade published in the August number of *Labour Gazette* the following table showing amount of productions carried on by distributive stores during 1893 and 1894:—

Industries carried on.	1894			1893.		
	No. of Societies making Returns.	No. of Persons employed in Production.	Total value of Productions, 1894.	No. of Societies making Returns.	No. of Persons employed in Production.	Total value of Productions, 1893.
TOTAL, ALL TRADES	310*	4,549	£ 1,500,775	315*	4,524	£ 1,662,964
Boots, Shoes, and Clogging .....	158	1,070	116,763	169	1,097	122,556
Bread and Confectionery making .....	187	1,117	756,053	192	1,131	854,008
Dressmaking and Millinery .....	100	837	69,595	104	769	61,986
Tailoring .....	87	1,039	143,072	90	1,004	132,733
Corn Milling .....	12	139	353,621	14	145	429,317
Building Trades .....	9	200	28,533	14	239	31,225
Farming and Dairying .....	18	84	21,649	21	93	22,530
Miscellaneous .....	3	63	11,505	3	46	8,589

\* Besides the societies included in this table, returns have been received from 69 societies in England and Wales, and 5 societies in Scotland, stating that they are engaged in production, but are unable to supply details.

- (6) The value of productions by the two Wholesale Societies in 1894 amounted to £1,105,074, and the number of persons employed 5,196.
- (7) Co-partnership societies in 1894: Number of societies, 120; sales for the year, £1,371,424; capital (share, reserve, loan), £799,460; profits, £68,987; losses, £3,135; net profit, £65,852; profit to labour, £8,751.
- (8) Co-operative Union is founded to promote the practice of truthfulness, justice, and economy in production and exchange—

(1) By the abolition of all false dealing, either (a) direct, by representing any article produced or sold to be other than what it is known to the producer or vendor to be; or (b) indirect, by concealing from the purchaser any fact known to the vendor material to be known by the purchaser to enable him to judge of the value of the article purchased.

(2) By conciliating the conflicting interests of the capitalist, the worker, and the purchaser, through an equitable division among them of the fund commonly known as profit.

By preventing the waste of labour now caused by unregulated competition.

- (9) Subscription to the Union: 2d. per member from all societies up to 1,000 members.
- (10) Representation: one delegate for every 500 members.
- (11) The number of persons attending Congress at Huddersfield, 1895, was 849. Subjects discussed: Co-operation as applied to Agriculture, Report of the C.B., Revision of Rules of Union, and numerous resolutions of importance.
- (12) At present the Sections are as follows: Irish, 5 members; Midland, 11; Northern, 7; North Western, 15; Scottish, 10; Southern, 9; Western, 9; but the Union has now under discussion the formation of a South-Western Section.
- (13) The amount devoted to educational purposes by the movement was £38,016 in 1894.
- (14) Number of Guild Branches at end of Guild year, June, 1895, 182. Total membership 8,004. (See Twelfth Annual Report of Women's Co-operative Guild.)
- Central Committee, 7 members; Council, 25 members, and 22 District Committees.
- (15) Productive societies become members of the Federation by taking up a £1 share for every five of its members, and making itself responsible for a certain proportion of its profits. There are now 30 societies federated.

The Head Office of the Co-operative Union is at Long Millgate, Manchester. Mr. J. C. Gray, Secretary.

English C.W.S.—1, Balloon Street, Manchester.

Branches—Waterloo Street, Newcastle-on-Tyne; Leman Street, Whitechapel, London.

Depôts in 19 towns in England and Ireland and in many Foreign Countries—Productive Works for Boots and Shoes, Woollen Cloth, Ready-Made Clothes, Furniture, Soap, Flour, Biscuits, Sweets and Jams, Cocoa, and Printing.

Scottish C.W.S.—119, Paisley Road, Glasgow.

Branches—Leith, Kilmarnock, Dundee, Enniskillen (Ireland), Chancelot Flour Mills, Edinburgh.

Productive Works—Sheildhall, Glasgow.

Co-operative Insurance Company, Amalgamated Union Co-operative Employés and "Co-operative News"—Offices at Long Millgate, Manchester.

Co-operative Federation—19, Southampton Row, W.C.

Labour Association, Co-operative Building Society, and Tenant Co-operators—9, John Street, Adelphi, London.

Women's Co-operative Guild—Kirkby Lonsdale, Westmoreland.

Festival Society and International Alliance—49, Bedford Street, Strand, London

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